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C O N F I D E N T I A L COLOMBO 001256

SIPDIS

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TAGS: [CE](#) [PGOV](#) [PREL](#) [LTTE](#)

SUBJECT: NEW PROPOSAL GOES TO LTTE

Classified By: CHARGE DON CAMP; REASONS 1.5 B, D.

1. (C) SUMMARY: On July 17, the Norwegians conveyed to the LTTE the new GSL proposal to try to lure the LTTE back to the negotiating table. We may not know for several weeks whether it will be successful, but the 19-month old ceasefire does not seem at risk. President Kumaratunga's own political plans are the biggest uncertainty and a potential threat to the process. Cohabitation strains between the President and PM are as serious as ever. If the President is successful in her efforts either to align with the Sinhalese chauvinist JVP party or to attract dissidents from the ruling party, she could attempt to topple the current government. END SUMMARY.

2. (C) In a meeting with Charge, G.L. Peiris, a key minister involved in peace process issues, confirmed that Norwegian special envoy Jon Westborg carried to the LTTE & capital 8 of Kilinochchi July 17 the GSL proposal for a provisional administrative structure for the north and east of Sri Lanka. He is to report back to Peiris tonight (July 17), but the LTTE is not expected to respond substantively until it has had a chance to study the proposal and pass it through their representatives outside Sri Lanka, including Balasingham. Though the GSL is keeping the details to itself, the PM in a July 16 meeting and Peiris have shared with us some of the details. LTTE representatives would have a majority on the & apex body 8 of the structure. The government would also be represented (including representatives from the President's party, according to the PM) as would the Muslim community. Peiris stressed that this proposal was the basic minimum the LTTE could accept as well as being (barely) acceptable to representatives of the east's Moslems. Peiris also said that the proposal incorporated another principle (borrowed from proposals made in Quebec and northern Ireland disputes) requiring that any issue affecting the & vital interests 8 of a minority community (Sinhalese or Muslim) would also require a majority vote of that community's representatives in the apex body.

3. (C) The President's political plans continue to roil the waters in Colombo, and have potentially serious consequences for the peace process. The long-discussed alliance with the far-left and anti-peace process JVP is perhaps the most problematic, since the JVP reportedly would want ) at a minimum ) to renegotiate the MOU with the LTTE that initiated the peace process. There is increasing backlash against the proposed tieup, however, and the papers recently claimed the President's non-political children were questioning how the party could countenance an alliance with the killers of their father. (Note: Vijaya Kumaratunga was gunned down in 1988. The JVP is accused of perpetrating the killing, but it has never been proven.) There are also rumors that the President is trying to lure away members of the UNP government. We have not confirmed these reports, or their success.

4. (C) The President must in any case be convinced she can improve her position in parliament with either alliance. The politicians and the astrologers are both reportedly telling her that the coming months are the best time for a move to topple the UNP government or perhaps call fresh elections; she would like to have a government in place before the provincial council elections next April. Elections would disrupt the process and a PA-led government would threaten the existing talks; LTTE political leader S.P. Thamilchelvam has said they will not negotiate with Kumaratunga.

5. (C) COMMENT: The good news is the general assumption in Colombo and the north that the ceasefire is not currently threatened. The LTTE is relatively content with the status quo, in which it controls much of the northern Vanni and parts of the east, while exercising considerable influence in the government-controlled Jaffna peninsula. The LTTE collects substantial revenue from customs duties in its region as well as taxation of businesses and Tamils individuals in the Vanni and Jaffna. Independent estimates in Colombo put the revenue as high as 30 million US dollars per year. The government too desperately wants to retain the ceasefires the twentieth anniversary approaches (July 23) of the 1983 riots that set off the insurgency, the ceasefire is seen as the major achievement of this government. The peace too has given the government some breathing space for the economic reform and investment programs it has initiated. There is hope in Colombo, but always tinged with memories

of dashed hopes of previous years. END COMMENT.  
CAMP